



## U.S. Department of Justice

*United States Attorney*

*Eastern District of Pennsylvania*

---

*615 Chestnut Street*

*Suite 1250*

*Philadelphia, Pennsylvania 19106-4476*

*(215) 861-8200*

**FOR IMMEDIATE RELEASE**

December 11, 2008

### **WACHOVIA ISSUES MORE THAN \$150 MILLION IN CHECKS TO VICTIMS OF PAYMENT PROCESSING CENTER SCAM**

PHILADELPHIA, PA – Wachovia Bank, headquartered in Charlotte, North Carolina, today began mailing checks totaling more than \$150 million to victims of telemarketing fraud. The checks are reimbursement for money deducted from victims' bank accounts by telemarketers and their payment processors. The payment processors maintained accounts at Wachovia Bank. It was alleged that Wachovia Bank knew or should have known that the telemarketers had not obtained proper authorization for the withdrawals. In addition to checks for the amount taken out of their accounts, victims also will receive a claim form for bank fees they may have had to pay when the victim's account was overdrawn because of unauthorized withdrawals.

The restitution program is the culmination of the combined efforts of a number of government agencies and private class action counsel. In 2006, the United States Attorney's Office for the Eastern District of Pennsylvania commenced civil injunctive litigation against Payment Processing Center, LLC, a Bucks County, Pennsylvania, company. The investigation was conducted by the United States Postal Inspection Service and assisted by the Federal Trade Commission, a number of state attorneys general, and local law enforcement. The Office of the Comptroller of the Currency, a bureau of the Treasury Department that supervises and regulates the national banking system, commenced an investigation and regulatory proceedings into the role of Wachovia Bank in connection with PPC and other payment processors that were customers of Wachovia. Private class action counsel filed and vigorously pursued a civil lawsuit against Wachovia alleging a racketeering scheme.

Pursuant to an agreement with the OCC and Wachovia, Wachovia agreed to make the victims whole. A receiver appointed by the district court at the request of the U.S. Attorney's Office is directing the mailing of approximately 742,870 checks, in varying amounts, totaling \$150,143,361. In addition, pursuant to a settlement of a private class action lawsuit, victims who believe they have been charged for bank fees as a consequence of unauthorized withdrawals will be able to entitled to compensation.

December 11, 2008

Page 2

The checks being mailed today are legitimate. Because victims may be apprehensive about depositing the restitution checks, a website and a toll free number have been created to address victims' concerns and to answer questions. The web address is: [www.restitutionpayment.com](http://www.restitutionpayment.com) and the toll free number is: 1-866-680-6659. Recipients should carefully read the notice and all accompanying documents.

"These victims were lulled by fraudulent telemarketers into a false sense of security to give up their confidential banking information. It is gratifying to see Wachovia step up to restore the victims' financial losses resulting from telemarketing fraud," said Acting United States Attorney Laurie Magid. "This settlement is another demonstration of our government at work. These victims can rest assured that these checks are legitimate and that someone is looking out for their interests." Magid also encourages all consumers to be wary of releasing personal information over the telephone or to unknown vendors.

A spokesperson for the OCC stated, "This is an important and noteworthy settlement. As a result of our collective efforts, consumers will be made whole."

#### BACKGROUND:

One of the facilitators of the withdrawals was Payment Processing Center, based in Bucks County, Pennsylvania. In February 2007, the United States Attorney's Office obtained a permanent injunction terminating PPC's operations, imposing a receivership over its assets, and establishing a multi-million dollar restitution fund for the fraud victims. The injunction imposed a lifetime prohibition against PPC's owners and managers from ever again engaging in any activity in which unsigned bank drafts are used to process payments for telemarketers.

The case against PPC began in February 2006, when the U.S. Attorney's Office obtained a temporary restraining order against PPC and its owners, alleging that they were processing consumer payments for an international network of fraudulent telemarketers. In a civil action brought under the Anti-Fraud Injunction Statute, the United States alleged that telemarketers duped tens of thousands of victims from across the United States, including many senior citizens, with false and misleading offers of goods and services, and manipulated consumers to disclose personal bank account information. Fraudulent telemarketers transmitted consumers' bank account information to PPC. PPC then created unsigned bank drafts – checks without signatures – based upon the consumers' fraudulently obtained bank account information. Using accounts at Wachovia Bank, PPC processed the unsigned bank drafts for payment. All the while, the United States alleged, PPC and its owners knew that the telemarketers had obtained consumers' bank account information through fraud, misrepresentations, and trickery, or that it remained indifferent to the telemarketers' illegal conduct.

December 11, 2008

Page 3

The United States alleged that PPC attempted to withdraw more than \$140 million from consumers' accounts during a ten-month period starting in early 2005 and ending in February 2006, resulting in more than \$50 million in consumer losses.

Telemarketing fraud costs Americans about \$40 billion every year. The Federal Trade Commission estimates that 85% of the victims are 65 or older. Seniors are attractive targets for telemarketing fraudsters because they are more likely to be home to receive a telemarketer's call, and are often too polite to hang up.

For more information go to [www.usdoj.gov/usao/pae](http://www.usdoj.gov/usao/pae)